



Thomas A. Schatz
President

March 24, 2015

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative,

You may soon consider H.R. 1104, the Fair Treatment for All Donations Act, introduced by Rep. Roskam (R-Ill.) which would exempt from the gift tax donations to 501(c)(4), (c)(5), and (c)(6) organizations. On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to support this legislation.

The Internal Revenue Service (IRS) has never been popular, but it has particularly come under fire since emails released in 2013 appeared to show that it selectively targeted certain nonprofit groups based on their political affiliation.

In regard to the gift tax, the IRS issued Revenue Ruling 82-216 in 1982, which held that it did not apply to contributions to Section 527 political organizations. However, the ruling also included language that indicated the agency could apply the gift tax to contributions to 501(c)(4) organizations. For more than 30 years, the IRS never enforced such a policy. But in 2014, several donors to conservative 501(c)(4) groups reported that they had been the subject of inquiries by the IRS about imposing the gift tax on their contributions. Following the public exposure of the IRS' actions and subsequent comments by members of Congress, the IRS backed off and asked for more guidance or legislation in order to clarify how it should proceed in the future. H.R. 1104 would settle this matter by making it clear that donations to 501(c)(4) organizations and other nonprofit groups will never be subject to the gift tax.

By banning the IRS from taxing gifts to nonprofits, Rep. Roskam's legislation will ensure that the rights established by the First Amendment are not infringed upon by the federal government. I urge you to support the Fair Treatment for All Donations Act. All votes on the H.R. 1104 will be among those considered in CCAGW's 2015 *Congressional Ratings*.

Sincerely,